

KENTUCKY INFRASTRUCTURE AUTHORITY

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

FUND A

PROJECT NUMBER: A15-026

BORROWER: Lexington-Fayette Urban County Government

BORROWER'S ADDRESS: 200 East Main Street
Lexington, Kentucky 40507

DATE OF ASSISTANCE AGREEMENT: September 1, 2016

DATE OF FIRST SUPPLEMENTAL
ASSISTANCE AGREEMENT: May 1, 2018

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

This First Supplemental Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "First Supplemental Agreement") by and between the Kentucky Infrastructure Authority, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the governmental agency identified on the cover of this First Supplemental Agreement (the "Governmental Agency"):

WITNESSETH:

WHEREAS, the Authority and the Governmental Agency have heretofore entered into an Assistance Agreement dated as of the date set forth on the cover page hereof (the "Assistance Agreement") for the purpose of providing financial assistance to the Governmental Agency in connection with the acquisition and construction of the Project, as defined in the Assistance Agreement; and

WHEREAS, the Authority and the Governmental Agency desire to amend certain provisions of the Assistance Agreement to provide additional funds to complete the Project;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN AND IN THE ASSISTANCE AGREEMENT, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I

RELATION TO ASSISTANCE AGREEMENT

Section 1.1. This First Supplemental Agreement is supplemental to the Assistance Agreement and shall be read and construed with the Assistance Agreement as though it were part of the same instrument. The provisions of the Assistance Agreement are hereby ratified and affirmed except as amended hereby. All capitalized terms used herein shall have the same meanings as provided in the Assistance Agreement, as amended by this First Supplemental Agreement.

ARTICLE II

AMENDMENT TO ASSISTANCE AGREEMENT

Section 2.1. Exhibit A attached to the Assistance Agreement is hereby amended by replacing said Exhibit A in its entirety with the Exhibit A attached hereto.

ARTICLE III

EFFECT OF FIRST SUPPLEMENTAL AGREEMENT

Section 3.1. From and after the time of taking effect of this First Supplemental Agreement, the Assistance Agreement shall be, and be deemed to be, modified and amended in accordance herewith, and the respective rights, duties and obligations under the Assistance Agreement of the Authority and the Governmental Agency thereunder shall be determined, exercised and enforced thereunder subject in all respects to the provisions of this First Supplemental Agreement, and all provisions hereof shall be deemed to be part of the terms and conditions of the Assistance Agreement for any and all purposes.

ARTICLE IV

EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

Section 4.1. *Time of taking effect.* This First Supplemental Agreement shall be effective as of the day and year written on the cover page hereof.

Section 4.2. *Invalidity of any provision.* In case any one or more of the provisions contained herein shall be adjudicated by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

Section 4.3. *Execution in counterparts.* This First Supplemental Agreement may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Agreement to be executed by their respective duly authorized officers as of the day and year stated on the cover page hereof.

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By: _____

Title: _____

Attest:

Title _____

GOVERNMENTAL AGENCY:

**LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT**

By: _____
Mayor

Attest:

By: _____
Title Urban County Council Clerk

APPROVED:

EXAMINED:

SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
PROJECT SPECIFICS
A15-026

GOVERNMENTAL AGENCY:

Name: Lexington-Fayette Urban County Government
 200 East Main Street
 Lexington, KY 40507

Contact
 Person: Jim Gray
 Mayor

SYSTEM: Wastewater

PROJECT:

This request is for an increase of \$31,944,188 to a project that was previously approved for \$36,000,000 on December 4, 2014. The total project cost is \$67,944,188. KIA is funding the project over multiple funding cycles and this increase will substitute for funds that the City otherwise would have contributed. The original project description is below.

This project involves the design and construction of Phase I of a multi-phase wet weather storage facility at the West Hickman Wastewater Treatment Plant that is located on Ashgrove Pike in Jessamine County. The project will reduce the potential for 23 wet weather sanitary sewer overflow (SSO) locations. The first phase will construct a 20 million gallon storage tank, pumping station complex to support both the storage tank and the secondary treatment phase of the wastewater treatment plant, and make plant reliability improvements to make the first phase fully functional. These improvements include influent pump station, raw sewage pump station modifications, leaping weir modifications, and odor control facilities.

PROJECT BUDGET:

| | Total |
|-----------------------------------|----------------------|
| Relocation Expense & Payments | 75,395 |
| Engineering Fees - Design / Const | 2,381,188 |
| Engineering Fees - Other | 229,335 |
| Construction | 61,307,000 |
| Contingency | 3,951,270 |
| Total | \$ 67,944,188 |

FUNDING SOURCES:

| | Amount | % |
|--------------|----------------------|-------------|
| Fund A Loan | \$ 67,944,188 | 100% |
| Local Funds | 0 | 0% |
| Total | \$ 67,944,188 | 100% |

KIA DEBT SERVICE:

| | |
|--|----------------------|
| Construction Loan | \$ 67,944,188 |
| Less: Principal Forgiveness | 0 |
| Amortized Loan Amount | <u>\$ 67,944,188</u> |
| Interest Rate | 1.75% |
| Loan Term (Years) | <u>20</u> |
| Estimated Annual Debt Service | \$ 4,041,022 |
| Administrative Fee (0.20%) | 135,888 |
| Total Estimated Annual Debt Service | \$ 4,176,910 |

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/16).

Full principal and interest payments on initial \$36 million will commence December 1, 2018.
Repayments on balance of loan will commence December 1, 2019.

| | | |
|-------------------------------------|--------------|---------------|
| REPLACEMENT RESERVE ACCOUNT: | \$ 170,000 | ANNUAL AMOUNT |
| | \$ 1,700,000 | TOTAL AMOUNT |

The annual replacement cost is \$170,000. This amount should be added to the replacement account each December 1 until the balance reaches \$1,700,000 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.20%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

| | <u>Outstanding</u> | <u>Maturity</u> |
|----------------------------------|-----------------------|-----------------|
| 2014A Refunding Sewer Bond | \$ 24,190,000 | 2030 |
| 2014B Refunding Sewer Bond | 5,710,000 | 2019 |
| KIA Loan (A209-08) | 900,476 | 2030 |
| KIA Loan (A209-09) | 79,156 | 2030 |
| KIA Loan (A09-01) | 10,726,398 | 2031 |
| KIA Loan (A10-08) | 8,471,220 | 2035 |
| KIA Loan (A12-16) | 1,528,486 | 2036 |
| KIA Loan (A13-002 i/a/o \$8.9M) | 8,805,648 | TBD |
| KIA Loan (A13-003 i/a/o \$10.2M) | 9,793,354 | 2036 |
| KIA Loan (A13-015 i/a/o \$23.9M) | 22,218,508 | TBD |
| KIA Loan (A13-018 i/a/o \$6.0M) | 5,264,306 | 2037 |
| KIA Loan (A14-001 i/a/o \$12.2M) | 10,492,250 | TBD |
| KIA Loan (A15-026 i/a/o \$67.9M) | 4,347,825 | TBD |
| KIA Loan (A17-003 i/a/o \$1.3M) | 0 | TBD |
| KIA Loan (A17-005 i/a/o \$10M) | 0 | TBD |
| Total | \$ 112,527,627 | |

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)
Death or Personal Injury (per occurrence)
Property Damage on System
